

CBSE | DEPARTMENT OF SKILL EDUCATION

TAXATION (SUBJECT CODE 822)

Marking Scheme of Sample Question Paper for Class XII (Session 2020-2021)

Max. Time: 3 Hours

Max. Marks: 60

General Instructions:

1. Please read the instructions carefully.
2. This Question Paper consists of **24 questions** in two sections – Section A & Section B.
3. Section A has Objective type questions whereas Section B contains Subjective type questions.
4. **Out of the given (6 + 18 =) 24 questions, a candidate has to answer (6 + 11 =) 17 questions in the allotted (maximum) time of 3 hours.**
5. All questions of a particular section must be attempted in the correct order.
6. **SECTION A - OBJECTIVE TYPE QUESTIONS (30 MARKS):**
 - i. This section has 06 questions.
 - ii. There is no negative marking.
 - iii. Do as per the instructions given.
 - iv. Marks allotted are mentioned against each question/part.
7. **SECTION B – SUBJECTIVE TYPE QUESTIONS (30 MARKS):**
 - i. This section contains 18 questions.
 - ii. A candidate has to do 11 questions.
 - iii. Do as per the instructions given.
 - iv. Marks allotted are mentioned against each question/part.

SECTION A: OBJECTIVE TYPE QUESTIONS

Q. 1	Answer any 4 out of the given 6 questions on Employability Skills (1 x 4 = 4 marks)	
i.	Face to Face interaction	1
ii.	Motivation	1
iii.	Large volumes of data cannot be manipulated	1
iv.	Music	1
v.	Control +A	1
vi.	Both of the above	1

Q. 2	Answer any 5 out of the given 7 questions (1 x 5 = 5 marks)	
i.	Income from all heads namely salary, house property, profits and gains from business of profession, capital gains and other sources combined together after giving effects to provisions of clubbing of income and set off of losses.	1
ii.	A. Short term & Long-term Capital Gain B. Lotteries	1
iii.	An amount equivalent to investment made of Rs. 1,50,000, whichever is less, is allowed as deduction from gross total income.	1
iv.	Deduction will be allowed (a) to the extent of 50% of the amount invested in such equity shares or units OR (b) Rs. 25,000 whichever is less.	1
v.	Deduction u/s 80DD is available for maintenance including medical treatment of a disabled dependent.	1
vi.	(a) Rs. 75,000/- in case of a person with disability. (b) Rs. 1,25,000/- in case of a person with severe disability (80% or more disability) when the payee does not furnish his PAN to the deductor.	1
vii.	Deduction from gross total income equivalent to investment made of Rs. 1, 50, 000 whichever is less.	1

Q. 3	Answer any 6 out of the given 7 questions (1 x 6 = 6 marks)	
i.	The taxable income of an individual is calculated by adding incomes from all the 5 heads of income and income of any other person includible under Sec 60 to Sec 64 and then any loss is set off while calculating the aggregate income under 5 heads.	1
ii.	The prescribed rate is 30%. No surcharge, education cess or SHEC shall be added.	1
iii.	The remuneration by way of salary, bonus, commission, etc., received by a partner, is taxable as business income in the hands of a partner [Section28(v)]	1
iv.	Nearest ten rupees	1
v.	Income tax, surcharge if applicable	1
vi.	All Assesse are allowed to claim deduction u/s 80G.	1
vii.	. The provisions of AMT shall apply to a person who has claimed any deduction under – (a) Sections 80-IA to 80RRB other than section 80P;or (b) Section10AA.	1

Q. 4	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	The responsibility to deduct tax from salaries arises only at the time of payment.	1
ii.	The application for TAN has to be made in Form 49B in duplicate to the Assessing Officer within one month from the end of the month in which the tax is deducted for the first time.	1
iii.	E-TDS implies, filing of the TDS return in electronic media as per prescribed data structure in either a floppy or a CD ROM.	1
iv.	In case of salary, if the deduction or payment of tax is under section 192, then Form No. 16 is issued.	1
v.	It is mandatory for a corporate taxpayer (i.e., a company) and a tax payer under section 44AB to pay taxes through the electronic payment mode using the internet banking facility of the authorised banks and Other taxpayers can pay tax either by electronic mode or by physical mode i.e. by depositing the challan at the receiving bank.	1
vi.	In case of salary, if the deduction or payment of tax is under section 192, then Form No. 16 is issued.	1

Q. 5	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	GST is a destination based indirect tax on consumption of goods and services, i.e., the tax would accrue to the taxing authority (State/Union Territory) which has jurisdiction over the place of consumption, which is termed as place of supply.	1
ii.	Small taxpayers with an aggregate turnover in a financial year up to Rs. One Crore (Rs. 75 lakhs for North-Eastern states, Himachal Pradesh and Sikkim) shall be eligible for composition levy.	1
iii.	Inter-state Sales: Means supplies made between two or more state. Intra-state Sales: Means supplies made within a state.	1
iv.	Input tax credit means setting off the amount of input tax by a registered dealer against the amount of his output tax.	1
v.	Central GST (CGST) is the tax levied by Central Government on intra-State supplies of goods / services in India.	1
vi.	The Centre would levy and collect the Integrated Goods and Services Tax (IGST). A part of IGST will be transferred to the State/UT, where the goods / services are consumed / supplied.	1

Q. 6	Answer any 5 out of the given 6 questions (1 x 5 = 5 marks)	
i.	Under Section 194B, winnings from lottery or crossword puzzle or card game and other game of any sort exceeding Rs.10,000 are also subject to deduction of tax at source as per rates in force.	1
ii.	Deduction under 80GGC can be claimed on the contribution made by any person (except local authority and any artificial juridical person wholly or partly funded by the Government) in the previous year to any political party or an electoral trust.	1
iii.	The maximum limit of deduction specified under section RRB for claim on the Royalty received in respect of patent is Rs. 3,00,000/-	1
iv.	The TDS is deductible under section 194A when the interest is paid to a resident, any interest other than the interest on securities amounting more than Rs. 5,000/- or Rs. 10,000/- as the case may be. (1) Rate of TDS: (a) 10 %. No surcharge, education cess or SHEC shall be added. (b) 20%,	1

v.	Section 80 E deduction is available to individual in respect of repayment of loan taken for higher education.	1
vi.	In case of a HUF Deduction under section 80D is allowable in respect of premium paid to insure the health of any member of the family. The maximum deduction available to a HUF would be Rs. 25,000 and in case any member is a senior citizen. Further, the amount paid on account of medical expenditure incurred on the health of any member(s) of a family who is a resident senior citizen would qualify for deduction subject to a maximum of Rs 50,000 provided no amount has been paid to effect or keep in force any insurance on the health of such person(s).	1

SECTION B: SUBJECTIVE TYPE QUESTIONS

Answer any 3 out of the given 5 questions on Employability Skills (2 x 3 = 6 marks)

Answer each question in 20 – 30 words.

Q. 7	Self-Motivation is the ability to do what needs to be done without the influence or thrust from other people or situations.	2
Q. 8	1. Click the Text button on the Drawing bar, the mouse pointer changes to + the sign. 2. Place the mouse pointer on the slide where you want to add the text box and click and drag on the slide to draw a text box.	2
Q. 9	Paranoid - Feeling extremely nervous and worried because you believe that other people do not like you or are trying to harm you. Schizoid - Is characterized by a lack of interest in social relationships and people tend to be distant, detached and indifferent.	2
Q. 10	1. Idea: What should my business idea be? How do I know that this idea will work? 2. Money: How much money should be raised to start a business.	2
Q. 11	Energy Auditors conduct audits and determine how energy efficient the building/home are. Chief Sustainability officers oversee green activities in their organization.	2

Answer any 3 out of the given 5 questions in 20 – 30 words each (2 x 3 = 6 marks)

Q. 12	Section 80EE deals with deduction available to Individual in respect of Interest on Loan Taken for Residential House Property. The amount of interest paid on house loan during the previous year upto Rs. 1,00,000 (the balance of the limit can even accrue in the next financial year.	2
Q. 13	a) Form No. 16, if the deduction or payment of tax is under section 192 (case of salary);and b) FormNo.16A if the deduction is under any other provision of Chapter XVII-B (cases other than salary).	2
Q. 14	As regards a minor child, the income of a minor after giving exemption up to Rs. 1,500 per minor child will be clubbed with the income of that parent who's Total Income, before clubbing such income, is greater. However, there are certain incomes which are not to be clubbed. Such income of the minor, which is not to be clubbed, will be assessable in the hands of the representative assessee on behalf of the minor.	2
Q. 15	i) It pre-pones the collection of tax. ii) Ensures a regular source of revenue to government. iii) Provides for a greater reach and wider base for tax.	2

Q. 16	(a) Sections 80-IA to 80RRB other than section 80P; or (b) Section 10AA	2
-------	--	---

Answer any 2 out of the given 3 questions in 30– 50 words each (3 x 2 = 6 marks)

Q. 17	<p>Deduction for Contribution to Pension Fund (Section 80CCC) : An Individual can claim deduction from gross total income equivalent to investment made of Rs. 1, 50, 000 whichever is less.</p> <p>Deduction in Respect of Contribution to Pension Scheme of Central Government [Section 80CCD] : An Individual employed by central government or self employed can claim upto following:</p> <p>Contribution by Employer: Deductible amount is contribution made by the employer to the employee during the year subjected to maximum of 10% of the salary of the employee.</p> <p>Contribution by Employee: Deductible amount is contribution made by the employee during the year subjected to maximum of 10% of the salary of the employee.</p>		3
Q. 18	<p>GROSS INCOME</p> <p>1. Gross total income is calculated by adding the income from five heads after adjusting clubbing and set off and carry forward of losses.</p> <p>2. Tax is not calculated on Gross total income.</p> <p>3. Gross total income is used to calculate taxable income.</p>	<p>TOAL INCOME</p> <p>1. Total income is calculated by deducted by deducting deductions u/s 80 C to 80 U from Gross total income.</p> <p>2. Tax is paid on Total income</p> <p>3. Total income is also known as Taxable income.</p>	3
Q. 19	<p>The Centre would levy and collect the Integrated Goods and Services Tax (IGST) on:</p> <ul style="list-style-type: none"> All inter-State supply of goods and services in India. Inter-state stock transfers of goods. Import of goods / services. Export of goods / services. <p>The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State supplier would pay IGST on the supply of his goods and/ or services to the Central Government, which will be collected by the Central Government as IGST.</p> <p>The importing consumer (dealer/manufacturer) will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. Centre will transfer to the importing State the credit of IGST used in payment of GST.</p>		3

Answer any 3 out of the given 5 questions in 50– 80 words each (4 x 3 = 12 marks)

Q. 20	Particulars		4
	Income From Business	1,35,000	
	Income From House Property	(15,000)	
	Lottery Winning Gross)	5,00,000	
	Income by way of Salary (Computed)	60,000	
	Long term capital Gain u/s 112	70,000	
	<p>Compute his total income and tax liability.</p> <p>Computation of total income of Balamurugan for the year ended 31.03.2020</p>		
Salaries	60,000		

Less: Loss from house property	(15000)	
Net Salary (after set off loss from house property)		45,000
Profit and gains of business or profession		
Income from business		1,35,000
Capital gains		
Long term capital gain		70,000
Income from other sources		
Lottery winnings(Gross)		5,00,000
Total Income		7,50,000
Computation of tax liability		
On total income of 2,50,000 (excluding lottery winning)	Nil	
On lottery winnings of 5,00,000 @ 30%	1,50,000	
Add: Health and Education cess @ 4%	6,000	
Total tax liability	1,56,000	
<p>Notes: The basic exemption limit of Rs.2,50,000 has to be first exhausted against salary income of 45,000 and business income of Rs. 1,35,000. The unexhausted basic exemption limit of 70,000 can be adjusted against long-term capital gains of Rs. 70,000 as per section 112, but not against lottery winnings which are taxable at a flat rate of 30% under section 115BB.</p>		

- Q. 21**
1. Income from salary (computed) 2,50,000
 2. Income from house property (computed) 30,000
 3. Long term capital gain 40,000
 4. Short term capital loss (15,000)
 5. Interest on securities (Gross) 11,000
 6. Interest on Bank Deposits 8,000
 7. LIP on his own life 2,000
 8. PPF 20,000
 9. Donation to National children fund 5,000
 10. Donations to PM's Relief Fund 6,000
 11. Donation to approved charitable institution 25,000
 12. Donation to Government for family planning 15,000
 13. Payment by cheque to GIC for incurring:
Health of his wife 9,000
Health of dependant son 9,000
Father not dependant who is 67 years old 25,000
 14. Expenses on medical treatment of dependant being a disable 25,000
 15. Payment of interest on loan taken from charitable institution for the education of his daughter pursuing M. Tech. 30,000
- Compute his total income & tax payable for mentioned assessment year.

4

Solution:

Income from salary		2,50,000
Income from House Property		30,000
Income from capital gain		
Long term capital gain	40,000	
Short term Capital gain	(15,000)	25,000
Income from other sources		
Interest on securities	11,000	

Interest on Bank Deposits	8,000	19,000
Gross Taxable Income		3,24,000
Less: Deduction u/s 80C and 90U		
80C (2,000+20,000)		22,000
80D – Insurance on life	9,000	
-Insurance on dependent Son	9,000	
	18,000	
(Limited to Rs. 15,000)	15,000	
Insurance on father life Rs. 25,000		
But limited to Rs. 20,000	20,000	35,000
U/s 80DD		50,000
U/s 80E		30,000
U/s 80G		
National Relief Fund (100%)		5,000
PM's Relief Fund (100%)		6,000
Approved charitable fund (Rs. 25,000)		
And Family Planning – Total Rs. 40,000		
but limited to 10% of Adjusted total Income .i.e. (GTC--LTCG all deduction except 80G)		
(Rs. 3, 24,000 – Rs. 25,000 – 1,37,000 = 1,62,000)		
Therefore Rs. 15,000 - 100%	15,000	
Balance Rs. 1200 – 50%	600	15,600
		1,63,600
Net Income		1 60,400
Tax on Rs. 1,60,400 shall be		NIL
On Long Term Capital Gain (Rs.25, 000 - Rs. 25,000)		NIL
On other income (Rs. 1,35,400 - Rs. 25,000) shifted from LTCG		NIL
Tax Liability		NIL

Q. 22	<p>Following are the steps to Computation of total income and tax liability:</p> <p>(i) Compute the income of an individual under 5 heads of income on the basis of his residential status.</p> <p>(ii) Income of any other person, if includible under section 60 to 64, will be included under respective heads.</p> <p>(iii) Set off of the losses if permissible, while aggregating the income under 5 heads of income.</p> <p>(iv) Carry forward and set off of the losses of the past years, if permissible, from such income.</p> <p>(v) The income computed as above will be Gross Total Income from which permissible deductions under section 80C to 80U are allowed. However, no deduction under these sections will be allowed from short term capital gain covered under section 111A, any long term capital gain and winning of lotteries etc., though these incomes are part of gross total income.</p> <p>(vi) The balance income after allowing the deductions is known as total income which will be rounded off to the nearest Rs. 10.</p>	4
--------------	---	----------

	<p>(vii) Computation of tax on such total income at the prescribed rates of tax and adding education cess and secondary and higher education cess thereon and allowing relief under section 89, if any.</p> <p>(viii) Deducting the TDS and advance tax paid for the relevant assessment year. The balance is the net tax payable is to be rounded off to the nearest Rs. 10. This tax has to be paid as self-assessment tax before submitting the income tax return.</p>	
Q. 23	<p>Where the employer has deducted the tax at source but failed to deposit wholly or partly, the tax so deducted in government account, the following statutory provisions are attracted:-'</p> <p>a) Interest u/s 201(1A):The deductor is treated as an assessee in default and interest u/s201(1A) <u>is leviable@1.5%</u> for every month or part of the month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid. Further, the tax along with the simple interest u/s 201(1A) becomes a charge upon all the assets of the deductor.</p> <p>b) penalty u/s 221: Penalty to the extent of tax not deposited is leviable by the Assessing officer.</p> <p>c) prosecution proceedings u/s 276 B : Where the deductor has failed to deposit tax deducted at source, in Government account without a reasonable cause then he is punishable with rigorous imprisonment for a term extends from 3 months to 7 years and with fine.</p>	4
Q. 24	<p>The basic concept of GST is based on providing the set-off for the tax paid on the inputs used and this is given effect through the concept of input tax credit. This input tax credit means setting off the amount of input tax by a registered dealer against the amount of his output tax. The GST is based on the value addition to the goods and the related tax liability of the dealer can be arrived at by the supplier by discharging input tax credit from tax collected on supplies during the payment period.</p> <p>The credit would be permitted to be utilized in the following manner:</p> <ul style="list-style-type: none"> • ITC of CGST allowed for payment of CGST & IGST in that order. • ITC of SGST allowed for payment of SGST & IGST in that order. • ITC of IGST allowed for payment of IGST, CGST & SGST in that order. • ITC of CGST cannot be used for payment of SGST and vice versa. <p>Following is the hierarchy of utilisation of Input Tax Credit:</p> <ul style="list-style-type: none"> • Accounts would be settled periodically between the Centre and the States to ensure that the credit of SGST used for discharge of IGST is transferred to the consumer state. • Similarly the IGST used for payment of SGST would be transferred by the Centre to the Importing State. • Further the SGST portion of IGST collected on B2C supplies would also be transferred by the Centre to the destination State. • The transfer of funds would be carried out on the basis of information contained in the Returns filed by the taxpayers. 	4